

Insurance ‘name and shame’ threat

Companies put on notice.



RISING TIDE: Flood victims' anger leads to rethink on insurance rules

Insurance companies may be forced to comply with a compulsory code of practice and face the prospect of being ‘named and shamed’ for breaches, if recommendations from a parliamentary inquiry are implemented.

The House of Representatives Social Policy and Legal Affairs Committee has released its report into the operation of the insurance industry during disaster events after severe flooding hit several states and Cyclone Yasi devastated parts of north Queensland during 2011.

The committee has made 13 recommendations including beefing up the industry code of practice and making it mandatory.

It also wants the Australian Securities and Investments Commission (ASIC) to ‘name and shame’ insurers who breach the code of practice.

Committee chair Graham Perrett (Moreton, Qld) said the changes were designed to “bring in some stick” and give customers more power when trying to have complex and difficult claims finalised.

“During our travels around Australia to regions affected by natural disasters, we found that often the insurance claim process had a detrimental effect on people already devastated by trauma and loss,” he said.

“Unfortunately there are no regulations that compel insurance companies to do the right thing by their clients and resolve claims in a timely and satisfactory fashion.

“On the whole we can say that most insurance companies do make an effort however there are some gaps in there and this report has highlighted those gaps.”

Members of the committee heard hundreds of stories from homeowners and businesses around the country voicing concerns over how their claim was handled by their insurer.

Many who gave evidence to the inquiry detailed their frustrations in dealing with their insurance companies to get their claim completed while trying to rebuild their lives.

LATEST

THOUSANDS RESPOND TO MARRIAGE SURVEY

An online survey on two same sex marriage bills currently before the House of Representatives has received more than 20,000 responses from the public.

The survey is part of a review of the two marriage amendment bills by the House Social Policy and Legal Affairs Committee.

Both the Marriage Amendment Bill 2012 and the Marriage Equality Amendment Bill 2012 seek to repeal the definition of marriage as being only between a man and a woman to allow any two people regardless of sex to marry.

The Marriage Equality Amendment Bill 2012 goes further, specifically allowing any two people, regardless of sex,

sexual orientation or gender identity to marry.

Both bills also seek to repeal Section 88EA of the Marriage Act 1961 to allow same sex marriages solemnised in foreign countries to be recognised in Australia.

Committee chair Graham Perrett (Moreton, Qld) said the committee will hold a public hearing in Sydney in mid-April to discuss the legal implications of the two bills and plans to table its report by 18 June 2012.

The online survey will be open for responses until 20 April 2012, and can be accessed at the committee website. •

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LAW ENFORCEMENT POWER AUDIT

The House of Representatives Social Policy and Legal Affairs Committee has called for the Attorney-General to audit Australia's law enforcement agencies to justify recent and proposed expansion of their investigative and coercive powers.

The committee made the recommendation as part of its review of the Crimes Legislation Amendment (Powers and Offences) Bill 2011, which contains changes to how DNA evidence can be collected and used, how the Australian Crime Commission operates and matters pertaining to parole, drug importation and investigating corruption.

The committee largely recommended the bill pass unamended, but requested the Attorney-General provide a report by October this year to make it clear to what extent an individual's right to privacy can be abrogated in the course of an investigation.

Other recommendations include changes to the wording on the abolition of automatic parole to ensure the amendments do not apply retrospectively, and for the government to consider establishing a federal parole board.

In a separate inquiry the committee recommended a bill establishing an R18+ rating for video games be passed by the House.

Committee chair Graham Perrett (Moreton, Qld) said the new rating would bring classification of video games into line with the current standards for films.

"The committee considers that the bill aims to make a common sense change to the existing classification system for computer games, and is pleased to present this advisory report in favour of the bill," Mr Perrett said. ●

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Several witnesses told the inquiry some people had simply given up on their claims as the process was too complicated. The inquiry also heard complaints of inconsistencies, with some houses in the same street having their claim approved while others were rejected.

Some residents are still waiting for a final outcome of their claim a year on from events which destroyed or severely damaged their homes.

The federal government has already responded to calls for a standard definition of flooding to be used across the industry and legislation is before parliament. It has also pledged to implement the compulsory use of a 'key facts sheet' which outlines to people exactly what they are covered for.

Mr Perrett said he did not believe that the changes would result in significant administration costs for the industry.

But Insurance Council of Australia (ICA) chief executive Rob Whelan said many of the code of practice changes recommended had already been implemented by either industry or the federal government and further regulation from governments or ASIC was not necessary.

"In early February the ICA board agreed to changes to the general insurance code of practice that addresses the concerns of consumer groups relating to claims handling timetables,

external expert reports and a right to claim," he said.

Mr Whelan said the ICA supported a legislated standard definition of flood. However he said the report failed to identify actions governments could take to improve the affordability of insurance and reduce the impact of disasters on at-risk communities. He also defended the industry's response to the overwhelming events of 2011.

"Last year, despite the fact insurers operated in extremely tough conditions and were handling thousands of calls every day, catastrophe claims were finalised on average in 29 days," he said.

"Despite the massive number of claims, much less than one per cent of all catastrophe claims were referred to the independent Financial Ombudsman Service for determination, which proves the effectiveness of both the internal and external dispute resolution process."

Federal parliament would need to pass legislation to make the code of practice compulsory.

The committee also recommended that governments should make additional funds available for mobile legal services to help anyone affected by a natural disaster make an insurance claim. ●

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